

***VILLAGE OF SHILOH***

**RICHLAND COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2011 and 2010**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Dave Yost • Auditor of State

Village Council  
Village of Shiloh  
13 West Main Street  
Shiloh, Ohio 44878

We have reviewed the *Report of Independent Accountants* of the Village of Shiloh, Richland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Shiloh is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 28, 2012

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**VILLAGE OF SHILOH**  
**RICHLAND COUNTY, OHIO**  
**Audit Report**  
**For the years ended December 31, 2011 and 2010**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of Shiloh  
Richland County  
13 West Main Street  
Shiloh, Ohio 44878

To the Village Council:

We have audited the accompanying financial statements of the Village of Shiloh, Richland County, Ohio as and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village of Shiloh, Richland County has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

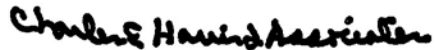
Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Shiloh, Richland County as of December 31, 2011 and 2010, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of the Village of Shiloh, Richland County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Village of Shiloh, Richland County adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2012, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



*Charles E. Harris & Associates, Inc.*  
June 25, 2012



VILLAGE OF SHILOH  
 RICHLAND COUNTY  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
 AND CHANGES IN FUND CASH BALANCES -  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Local Taxes	\$ 17,632	\$ 10,524	-	\$ 28,156
Intergovernmental Revenue	52,032	43,111	-	95,143
Fines, Licenses and Permits	9,515	909	-	10,424
Earnings on Investments	5,624	8	-	5,632
Miscellaneous	5,163	1,129	-	6,292
<b>Total Cash Receipts</b>	<b>89,966</b>	<b>55,681</b>	<b>-</b>	<b>145,647</b>
<b>Cash Disbursements:</b>				
Security of Persons and Property	15,000	16,629	-	31,629
Public Health Services	585	-	-	585
Leisure Time Activities	669	1,260	-	1,929
Community Environment	1,385	-	-	1,385
Basic Utility Services	978	-	-	978
Transportation	35,056	33,076	-	68,132
General Government	39,193	-	-	39,193
Capital Outlay	36,100	3,000	\$ 8,664	47,764
<b>Debt Service</b>				
Principal	3,487	-	-	3,487
<b>Total Cash Disbursements</b>	<b>132,453</b>	<b>53,965</b>	<b>8,664</b>	<b>195,082</b>
<b>Total Receipts Over(Under) Disbursements</b>	<b>(42,487)</b>	<b>1,716</b>	<b>(8,664)</b>	<b>(49,435)</b>
<b>Other Financing Sources/Uses</b>				
Proceeds of Notes	36,100	-	8,664	44,764
Other Financing Sources	22,376	-	-	22,376
<b>Total Other Financing Sources/Uses</b>	<b>58,476</b>	<b>-</b>	<b>8,664</b>	<b>67,140</b>
<b>Excess Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses</b>	<b>15,989</b>	<b>1,716</b>	<b>-</b>	<b>17,705</b>
<b>Fund Balance January 1, 2011</b>	<b>23,461</b>	<b>58,124</b>	<b>-</b>	<b>81,585</b>
<b>Fund Cash Balance December 31, 2011</b>				
Restricted	-	59,840	-	59,840
Unassigned	39,450	-	-	39,450
<b>Fund Balance December 31, 2011</b>	<b>\$ 39,450</b>	<b>\$ 59,840</b>	<b>\$ -</b>	<b>\$ 99,290</b>

See accompanying Notes to the Financial Statements.

VILLAGE OF SHILOH  
 RICHLAND COUNTY  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
 AND CHANGES IN FUND CASH BALANCES -  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Local Taxes	\$ 17,953	\$ 9,646	-	\$ 27,599
Intergovernmental Revenue	35,463	43,061	-	78,524
Fines, Licenses and Permits	6,786	921	-	7,707
Earnings on Investments	4,220	16	-	4,236
Miscellaneous	2,744	6,855	-	9,599
<b>Total Cash Receipts</b>	<u>67,166</u>	<u>60,499</u>	<u>-</u>	<u>127,665</u>
<b>Cash Disbursements:</b>				
Security of Persons and Property	20,000	11,365	-	31,365
Public Health Services	576	-	-	576
Leisure Time Activities	858	9,000	-	9,858
Community Environment	1,218	-	-	1,218
Basic Utility Services	1,581	-	-	1,581
Transportation	33,934	51,133	-	85,067
General Government	42,945	215	-	43,160
Capital Outlay	1,052	-	\$ 210,231	211,283
<b>Debt Service:</b>				
Principal	4,062	-	-	4,062
Interest	400	-	-	400
<b>Total Cash Disbursements</b>	<u>106,626</u>	<u>71,713</u>	<u>210,231</u>	<u>388,570</u>
<b>Total Receipts Over(Under) Disbursements</b>	<u>(39,460)</u>	<u>(11,214)</u>	<u>(210,231)</u>	<u>(260,905)</u>
<b>Other Financing Sources/Uses</b>				
Other Financing Sources	18,683	-	-	18,683
Proceeds of Loan	-	-	210,231	210,231
<b>Total Other Financing Sources/Uses</b>	<u>18,683</u>	<u>-</u>	<u>210,231</u>	<u>228,914</u>
<b>Excess Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses</b>	<u>(20,777)</u>	<u>(11,214)</u>	<u>-</u>	<u>(31,991)</u>
<b>Fund Balance January 1, 2010</b>	<u>44,238</u>	<u>69,338</u>	<u>-</u>	<u>113,576</u>
<b>Fund Balance December 31, 2010</b>	<u>\$ 23,461</u>	<u>\$ 58,124</u>	<u>\$ -</u>	<u>\$ 81,585</u>
<b>Reserve for Encumbrances, December 31, 2010</b>	<u>\$ 2,425</u>	<u>\$ 464</u>	<u>\$ -</u>	<u>\$ 2,889</u>

See accompanying Notes to the Financial Statements.

**VILLAGE OF SHILOH**  
**RICHLAND COUNTY, OHIO**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND CASH BALANCES - PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS**  
**For the Year Ended December 31, 2011**

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Total (Memorandum Only)</u>
<b>Operating Receipts:</b>			
Charges for Services	\$ 845,679	-	\$ 845,679
Miscellaneous	5,650	-	5,650
<b>Total Operating Receipts</b>	<b>851,329</b>	<b>-</b>	<b>851,329</b>
<b>Operating Disbursements:</b>			
Personal Services	88,871	-	88,871
Contractual Services	495,819	-	495,819
Supplies and Materials	66,602	-	66,602
<b>Total Operating Disbursements</b>	<b>651,292</b>	<b>-</b>	<b>651,292</b>
<b>Excess Operating Receipts Over/(Under) Operating Disbursements</b>	<b>200,037</b>	<b>-</b>	<b>200,037</b>
<b>Non-Operating Receipts/(Disbursements):</b>			
Fines and Fees	-	\$ 13,484	13,484
Sale of Notes	320,000	-	320,000
Capital Outlay	(11,359)	-	(11,359)
Other Financing Sources	1,200	-	1,200
Other Financing Uses	(27,145)	-	(27,145)
Distribution of Fines and Fees	-	(13,484)	(13,484)
Debt Service:			
Principal	(411,393)	-	(411,393)
Interest	(32,153)	-	(32,153)
<b>Total Non-Operating Receipts/(Disbursements)</b>	<b>(160,850)</b>	<b>-</b>	<b>(160,850)</b>
<b>Excess of Cash Receipts Over/(Under) Cash Disbursements</b>	<b>39,187</b>	<b>-</b>	<b>39,187</b>
<b>Fund Balance January 1, 2011</b>	<b>436,659</b>	<b>898</b>	<b>437,557</b>
<b>Fund Balance December 31, 2011</b>	<b>\$ 475,846</b>	<b>\$ 898</b>	<b>\$ 476,744</b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF SHILOH**  
**RICHLAND COUNTY, OHIO**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND CASH BALANCES - PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS**  
**For the Year Ended December 31, 2010**

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Total (Memorandum Only)</u>
<b>Operating Receipts:</b>			
Charges for Services	\$ 783,829	-	\$ 783,829
Miscellaneous	24,586	-	24,586
<b>Total Operating Receipts</b>	<b>808,415</b>	<b>-</b>	<b>808,415</b>
<b>Operating Disbursements:</b>			
Personal Services	78,751	-	78,751
Travel Transportation	353	-	353
Contractual Services	499,720	-	499,720
Supplies and Materials	56,700	-	56,700
<b>Total Operating Disbursements</b>	<b>635,524</b>	<b>-</b>	<b>635,524</b>
<b>Excess Operating Receipts Over/(Under) Operating Disbursements</b>	<b>172,891</b>	<b>-</b>	<b>172,891</b>
<b>Non-Operating Receipts/(Disbursements):</b>			
Other Financing Sources	4,800	-	4,800
Sale of Notes	350,000	-	350,000
Capital Outlay	(9,641)	-	(9,641)
Fines and Fees	-	\$ 10,755	10,755
Other Financing Uses	(1,500)	-	(1,500)
Distribution of Fines and Fees	-	(10,755)	(10,755)
<b>Debt Service:</b>			
Principal	(428,277)	-	(428,277)
Interest	(32,654)	-	(32,654)
<b>Total Non-Operating Receipts (Disbursements)</b>	<b>(117,272)</b>	<b>-</b>	<b>(117,272)</b>
<b>Net Receipts Over/(Under) Disbursements</b>	<b>55,619</b>	<b>-</b>	<b>55,619</b>
<b>Fund Balance January 1, 2010</b>	<b>381,040</b>	<b>898</b>	<b>381,938</b>
<b>Fund Balance December 31, 2010</b>	<b>\$ 436,659</b>	<b>\$ 898</b>	<b>\$ 437,557</b>
<b>Reserve for Encumbrances, December 31, 2010</b>	<b>\$ 91,751</b>	<b>\$ -</b>	<b>\$ 91,751</b>

See accompanying Notes to the Financial Statements.

VILLAGE OF SHILOH  
RICHLAND COUNTY, OHIO  
Notes To The Financial Statements  
For The Years Ended December 31, 2011 and 2010

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **DESCRIPTION OF THE ENTITY**

The Village of Shiloh, Richland County, (the Village) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected, six-member council. The Village provides general government services, including water, sewer and electrical utilities. The Village contracts with the Richland County Sheriff's Department to provide police services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. **BASIS OF ACCOUNTING**

The Village prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved.)

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. **INVESTMENTS AND INACTIVE FUNDS**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains and losses at the time of the sale are recorded as receipts or disbursements, respectively.

D. **FUND ACCOUNTING**

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**Governmental Fund Types:**

**General Fund:** The general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

VILLAGE OF SHILOH  
RICHLAND COUNTY, OHIO  
Notes To The Financial Statements  
For The Years Ended December 31, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Governmental Fund Types – (continued)

**Special Revenue Funds:** To account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The Village had the following significant Special Revenue Funds:

- ***Street Construction, Maintenance and Repair Fund:*** This fund receives gasoline tax money and motor vehicle tax money for constructing, maintaining and repairing Village streets.
- ***Permissive Sales Tax Fund:*** This fund is used to account for sales tax revenues received and used to pay for road projects.
- ***Police Fund:*** This fund receives real estate and personal property tax money to pay for the police protection services provided by the Richland County Sheriff's Office.

**Capital Projects Fund:** These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village had the following capital project fund:

- ***Sewer Construction Fund:*** This fund was created to account for Ohio Water Development Authority funds related to the Sanitary Sewer & Manhole Rehabilitation project.

Proprietary Fund Type:

Enterprise Funds

These funds are used to account for operations that are similar to private business enterprises where management intends that significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

- ***Water Fund-*** This fund receives charges for services from residents to cover the cost of providing the utility.
- ***Sewer Fund-*** This fund receives charges for services from residents to cover the cost of providing the utility.
- ***Electric Fund-*** This fund receives charges for services from residents to cover the cost of providing the utility.

VILLAGE OF SHILOH  
RICHLAND COUNTY, OHIO  
Notes To The Financial Statements  
For The Years Ended December 31, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Fiduciary Fund Types:

Agency Fund

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant agency fund:

*Mayor's Court Fund*- This fund receives fines, bonds and costs assessed by the Court and disburses these amounts to the State, Village or the payee.

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, object level of control and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered balances as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over and need not be re-appropriated.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**VILLAGE OF SHILOH  
RICHLAND COUNTY, OHIO  
Notes To The Financial Statements  
For The Years Ended December 31, 2011 and 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)**

**H. FUND BALANCE**

For December 31, 2011, fund balance is divided into classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental fund resources. The classifications are as follows:

**1. Nonspendable**

The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Council can commit amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.



VILLAGE OF SHILOH  
 RICHLAND COUNTY, OHIO  
 Notes To The Financial Statements  
 For The Years Ended December 31, 2011 and 2010

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2010</u>	<u>2011</u>
Demand Deposit	\$ 164,814	\$ 221,697
Total Deposits	164,814	221,697
Investments:		
Certificates of Deposit	\$ 340,000	\$ 340,000
STAR-Ohio	14,328	14,337
Total Investments	<u>354,328</u>	<u>354,337</u>
Total Deposits and Investments	<u>\$ 519,142</u>	<u>\$ 576,034</u>

*Deposits:* Deposits are either (1) insured by the Federal Depository Insurance Corporation; (2) collateralized by securities specifically pledged by the financial institution to the Village or (3) collateralized by the financial institution's public entity deposit pool.

*Investments:* Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and 2010 is as follows:

<u>2011 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	
	<u>Receipts</u>	<u>Receipts</u>	<u>Variance</u>
General	\$ 123,100	\$ 148,442	\$ 25,342
Special Revenue	55,300	55,681	381
Capital Project	8,664	8,664	-
Enterprise	<u>934,500</u>	<u>1,172,529</u>	<u>238,029</u>
Total	<u>\$ 1,121,564</u>	<u>\$ 1,385,316</u>	<u>\$ 263,752</u>

<u>2011 Budgeted vs. Actual Budgetary Basis Disbursements</u>			
<u>Fund Type</u>	<u>Appropriation</u>	<u>Budgetary</u>	
	<u>Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$ 146,555	\$ 132,453	\$ 14,102
Special Revenue	111,464	62,742	48,722
Capital Projects	8,664	8,664	-
Enterprise	<u>1,529,550</u>	<u>1,140,111</u>	<u>389,439</u>
Total	<u>\$ 1,796,233</u>	<u>\$ 1,343,970</u>	<u>\$ 452,263</u>

**VILLAGE OF SHILOH  
RICHLAND COUNTY, OHIO  
Notes To The Financial Statements  
For The Years Ended December 31, 2011 and 2010**

**3. BUDGETARY ACTIVITY – (continued)**

<b>2010 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 90,000	\$ 85,849	\$ (4,151)
Special Revenue	64,000	60,499	(3,501)
Capital Projects	230,000	210,231	(19,769)
Enterprise	834,000	1,163,215	329,215
<b>Total</b>	<b>\$ 1,218,000</b>	<b>\$ 1,519,794</b>	<b>\$ 301,794</b>

<b>2010 Budgeted vs. Actual Budgetary Basis Disbursements</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Disbursements</b>	<b>Variance</b>
General	\$ 132,300	\$ 109,051	\$ 23,249
Special Revenue	126,917	72,177	54,740
Capital Projects	230,000	210,231	19,769
Enterprise	1,042,528	1,199,347	(156,819)
<b>Total</b>	<b>\$ 1,531,745</b>	<b>\$ 1,590,806</b>	<b>\$ (59,061)</b>

**4. PROPERTY TAXES**

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the Village. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Richland County Auditor's Office at 35% of appraised market value. All property is required to be revalued every six year. The last revaluation for the Village was completed in 2011; an update will be done in 2014.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is usually due December 31, with the remainder payable June 20.

Taxes collected from tangible personal property (other than public utility) received during calendar year 2011 represent the collection of 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes on business inventory, manufacturing and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied April 1, 2009 on the values listed as of December 31, 2009. Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year proceeding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

**VILLAGE OF SHILOH  
RICHLAND COUNTY, OHIO  
Notes To The Financial Statements  
For The Years Ended December 31, 2011 and 2010**

**4. PROPERTY TAXES (continued)**

The Richland County Auditor collects property taxes on behalf of the Village. The Richland County Auditor remits the collected taxes to the Village. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

**5. RETIREMENT SYSTEM**

Full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer plans. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2011 & 2010, OPERS members contributed 10% of their wages. The Village contributed an amount equal to 14% of participants' gross salaries during the year. The Village has paid all contributions required through December 31, 2011 and 2010.

**6. RISK MANAGEMENT**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) – formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) – formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. – mirrors the oversight function previously performed by the Board of Directors. The Board of Council consists of 11 members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through 14 appointed independent agents in the State of Ohio. These coverage programs, referred to as the Ohio Plan Risk Management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform, underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first 250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village participates in this coverage.

VILLAGE OF SHILOH  
 RICHLAND COUNTY, OHIO  
 Notes To The Financial Statements  
 For The Years Ended December 31, 2011 and 2010

6. **RISK MANAGEMENT** (continued)

The Plan formed the Ohio Plan Healthcare consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political subdivisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through 17 appointed independent agents in the State of Ohio. Coverage premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductible, co-insurance level, office visit co-pays and out-of-pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Village did not participate in this coverage.

Plan Members are responsible to notify the Plan of their intent to renew coverages by their renewal date. If a Member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former Member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been significant reductions in insurance coverage from last year.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009 (the latest information available), and include amounts both OPRM and OPHC:

	2010	
	OPRM	OPHC
Assets	\$ 12,036,541	\$ 1,355,131
Liabilities	(4,845,056)	(1,055,096)
Members' Equity	\$ 7,191,485	\$ 300,035

	2009	
	OPRM	OPHC
Assets	\$ 11,176,186	\$ 1,358,802
Liabilities	(4,852,485)	(1,253,617)
Members' Equity	\$ 6,323,701	\$ 105,185

You can read the complete audited financial statements for OPRM and OPHC at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**VILLAGE OF SHILOH  
RICHLAND COUNTY, OHIO  
Notes To The Financial Statements  
For The Years Ended December 31, 2011 and 2010**

**7. DEBT**

Debt outstanding at December 31, 2011, was as follows:

	Principal	Interest Rate
USDA Loan	\$ 173,800	5.00%
OPWC Loan-CP31D	1,058	0.00%
OWDA - 4597	624,172	2.00%
OWDA - 5351	42,480	5.30%
Citizens Bank - 5019635	308,492	3.45%
Citizens Bank - 5019506	36,100	3.78%
OPWC Loan-CP04J	247,500	0.00%
<b>Total</b>	<b>\$ 1,433,602</b>	

The USDA (United States Department of Agriculture) loan relates to a sewer project. The USDA has approved \$245,000 in loans to the Village for this project. The loan includes interest, will be paid in variable annual installments over 40 years. The loan is collateralized by sewer receipts.

The OPWC (Ohio Public Works Commission) loan (CP31D) relates to a Village resurfacing project. The loan was issued in 2001 in the amount of \$12,700. The loan will be repaid in semi-annual payments of \$529 over 12 years. There is no interest on this loan.

The Ohio Water Development Authority (OWDA) loan (4597) relates to the construction of the new water treatment facility. OWDA approved \$705,059 for the loan to be paid over 25 years. All funds have not been distributed as of December 31, 2011. An amortization schedule is not available. The loan will be repaid in semi-annual payments of \$15,683 over 30 years.

The Ohio Water Development Authority (OWDA) loan (5351) relates to the Sanitary Sewer & Manhole Rehabilitation. OWDA approved \$227,631. OWDA granted the Village a \$170,723 ARRA principal reduction grant. The Village is still drawing on the loan. An amortization schedule is not available. The loan will be repaid in semi-annual payments of \$1,423 over 20 years.

The Citizens Bank loan (5019635) refinanced the AMP-Ohio loan. The Village has \$3,800 debited from their account monthly. According to the amortization schedule, the Village is supposed to pay principal of \$2,667 plus 3.45% interest monthly over 10 years. However, their accelerated principal payments will reduce the length of the loan. Therefore, no amortization schedule is included. The loan is collateralized by electric receipts.

The Citizens Bank loan (5019506) relates to a truck for the Street Department. The Village received the cab and chassis in 2011. A plow, salt spreader, body and accessories will be added bringing the loan amount to \$68,660. No payments have been made. An amortization schedule is not available. The loan will be paid from the General Fund, Water Fund, Sewer Fund and Electric Fund.

The OPWC (Ohio Public Works Commission) loan (CP04J) relates construction at the water plant. The loan was issued in 2009 in the amount of \$300,000. The loan will be repaid in semi-annual payments of \$7,500 over 20 years. There is no interest on this loan.

**VILLAGE OF SHILOH  
 RICHLAND COUNTY, OHIO  
 Notes To The Financial Statements  
 For The Years Ended December 31, 2011 and 2010**

**7. DEBT (continued)**

Amortization of the above debt, including interest, is scheduled as follows:

	USDA Loan	OPWC Loan CP31D	OWDA 4597	OPWC Loan CP04J
Year ending December 31:				
2012	\$14,420	\$1,058	\$31,366	\$15,000
2013	14,360	-	31,366	15,000
2014	14,390	-	31,366	15,000
2015	14,320	-	31,366	15,000
2016	14,360	-	31,366	15,000
2017-2021	72,060	-	156,830	75,000
2022-2026	71,850	-	156,830	75,000
2027-2031	71,820	-	156,830	22,500
2032-2036	14,420	-	156,830	-
2037	-	-	31,366	-
<b>Total</b>	<b>\$ 302,000</b>	<b>\$ 1,058</b>	<b>\$ 815,516</b>	<b>\$ 247,500</b>

**8. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS**

Management believes there are no pending claims or lawsuits.

**9. COMPLIANCE**

Contrary to Ohio Revised Code Section 5705.41 (B), the Village had expenditures plus encumbrances exceeding appropriations.

Contrary to Ohio Revised Code Section 5705.39, appropriations exceeded estimated resources.

Contrary to Ohio Revised Code Section 5705.41 (D), the Village did not always certify funds.

**VILLAGE OF SHILOH  
RICHLAND COUNTY, OHIO  
Notes To The Financial Statements  
For The Years Ended December 31, 2011 and 2010**

**10. American Municipal Power Generating Station Project**

The Village of Shiloh is a participant in the American Municipal Power Generating Station Project (the "AMPGS Project"). The Village executed a take-or-pay contract on November 1, 2007 in order to participate in the AMPGS Project.

**History of the AMPGS Project**

In November 2009, the participants of the AMP Generating Station Project (the "AMPGS Project") voted to terminate the development of the pulverized coal power plant in Meigs County, Ohio. The AMPGS Project was to be a 1,000 MW base load, clean-coal technology plant scheduled to go on-line in 2014. This pulverized coal plant was estimated to be a \$3 billion project, but the project's estimated capital costs increased by 37% and the engineer, procure and construct ("EPC") contractor could not guarantee that the costs would not continue to escalate. At the termination date, minimal construction had been performed on the AMPGS Project at the Meigs County site.

At the same time, the participants voted to pursue conversion of the project to a Natural Gas Combined Cycle Plant (the "NGCC Plant") to be developed under a lump-sum-turn-key fixed-price contract that would be open to interested AMP members. The NGCC Plant was planned to be developed on the Meigs County site previously planned for the AMPGS project. In February 2011, development of the NGCC Plant was suspended due to the availability of purchasing the AMP Fremont Energy Center ("AFEC") at a favorable price. AMP intends to develop this site for the construction of a generating asset; however, at December 31, 2011, the type of generating asset has not been determined.

As mentioned above, the AMPGS project participants signed "take or pay" contracts with AMP. As such, the participants of the project are obligated to pay all costs incurred for the project. To date it has not been determined what those total final costs are for the project participants.

As a result of these decisions to date, the AMPGS Project costs have been reclassified out of construction work-in-progress and into plant held for future use or regulatory assets in the combined balance sheet. AMP has reclassified \$34,881,075 of costs to plant held for future use as these costs were determined to be associated with the undeveloped Meigs County site regardless of the determination of which type of generating asset will be developed on the site. The remaining costs previously incurred were determined to be impaired but reclassified as a regulatory asset which is fully recoverable from the AMPGS Project participants as part of their unconditional obligation under the "take or pay" contract. At December 31, 2011 AMP has a regulatory asset of \$86,548,349 for the recovery of these abandoned construction costs. AMP is currently working with the AMPGS project participants to establish a formal plan for the recovery on a participant by participant basis.

**VILLAGE OF SHILOH  
RICHLAND COUNTY, OHIO  
Notes To The Financial Statements  
For The Years Ended December 31, 2011 and 2010**

**10. American Municipal Power Generating Station Project (continued)**

At the request of the participants, on November 18, 2011 and December 13, 2011 AMP sent memos to AMPGS participants providing the participant's information identifying their potential AMPGS stranded cost liability and providing options for payment of those stranded costs, if the participant so chose. These memos were not invoices, but provided the participants with information which they could utilize in determining if they wanted to pay down a portion or all of the identified maximum exposure. AMP is holding the AMPGS Project stranded costs on its revolving credit facility and is accruing interest in addition to legal fees being incurred in its case with the EPC contractor. AMP would hold any payments received as a deposit in order to cease interest accruals on that portion paid.

Based on an allocation to Shiloh of 500 kW and the allocation methodology, both approved as the same by the AMP Board of Trustees, as of December 31, 2011 the Village of Shiloh has a potential stranded cost obligation of \$81,778 for the AMPGS Project. The Village of Shiloh does not have any payments on deposit with AMP at December 31, 2011.

**AMP Fremont Energy Center (AFEC) Development Fee**

The AFEC Development Fee is the amount paid by AFEC participants to the AMPGS project as a Development Fee in August, 2011. AFEC participants are a separate group of AMP members that obtained financing for engineering, consulting and other development costs for expertise obtained by AMP for Natural Gas Combined Cycle power plants. This amount is financed by AMP, Inc. and is to be collected through debt service from AFEC participants. The Development Fee paid by all AFEC Participants is credited to the potential AMPGS costs of each AFEC participant that is also an AMPGS participant in proportion to their relative percentage of AFEC (but not less than zero) as approved by the AMP Board. The Village is a participant in the AFEC project and has received a credit to reduce its share of AMPGS potential stranded costs as noted below.

Based on the allocation methodology approved by the AMP Board of Trustees as mentioned above, the Village receives a credit of \$9,423 for being a participant in both projects. This credit is proportionate to its AFEC allocation kW share of 90 and the total kW share of those participating in both projects. The Village has not recorded this credit in its financial statements as of December 31, 2011.

The Village of Shiloh has not requested an invoice from AMP for the potential stranded costs identified in the memos AMP sent in November and December of 2011. The Village is not intending to request an invoice from AMP until such time as the litigation with the EPC contractor is finalized.

Had the Village chosen to expense the potential stranded costs, the Village believes it would have not violated its covenant obligations for its Electric Fund.

The Village intends to pay any potential future costs by a combination of issuing debt and raising rates.



**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

Village of Shiloh  
Richland County  
13 West Main Street  
Shiloh, OH 44878

To the Village Council:

We have audited the financial statements of the Village of Shiloh, Richland County Ohio (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 25, 2012, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. Also, we noted the District implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Controls Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider to be a material weaknesses and other deficiencies we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-VSRC-02 and 2011-VSRC-04 described in the accompanying schedule of findings to be material weaknesses.

**A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2011-VSRC-06 described in the accompanying schedule of findings to be a significant deficiency.**


#### **Compliance and Other Matters**

**As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2011-VSRC-01, 2011-VSRC-03 and 2011-VSRC-04 through 2011-VSRC-05.**

**The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.**

**We noted certain matters that we have reported to management of the Village in a separate letter dated June 25, 2012.**

**We intend this report solely for the information and use of management, the Village Council and others within the Village. We intend it for no one other than these specified parties.**



***Charles E. Harris and Associates, Inc.***

**June 25, 2012**

VILLAGE OF SHILOH  
RICHLAND COUNTY

SCHEDULE OF FINDINGS  
December 31, 2011 and 2010

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

**Finding Number 2011-VSRC-01 – Non-compliance Citation**

Ohio Revised Code Section 5705.41 (B) states that no subdivision or taxing authority shall make any expenditure of money unless it has been appropriated and unless it has been appropriated as provided in such chapter.

During the year ended December 31, 2010, the following fund's expenditures exceeded total appropriations:  
Electric Fund – Enterprise Fund (\$270,676)

We recommend that the Village properly record proceeds of loans and the corresponding capital outlay.

Management's Response: The new fiscal officer has been informed that any monies received, even when we do not actually deposit the money, must be recorded as a receipt and any expenditures, whether we issue the check or the check is issued for us, must be recorded as an expenditure and that the estimated resources must show availability for these expenditures and appropriations include this amount available for expenditures.

**Finding Number 2011-VSRC-02 – Material Weakness**

In 2011, the Village did not record the \$36,210 loan proceeds received from Citizens Bank for the cab and Chassis. Also, they did not record the corresponding capital outlay related to the loan proceeds.

The Ohio Water Development Authority (OWDA) loaned the Village \$210,231 and \$8,664 in 2011 and 2010, respectively, for the Sanitary Sewer & Manhole Rehabilitation project. The Village only recorded \$69,793 in the Sewer Construction Fund - Capital Projects Fund in 2010. No funds were recorded in 2011. Also, they did not record the corresponding capital outlay related to the loan proceeds

We recommend that the Village properly record proceeds of loans and the corresponding capital outlay.

Management's Response: See response in finding 2011-VSRC-01 above.

**FINDING NUMBER 2011-VSRC-03 Non-Compliance Citation**

Ohio Revised Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund as certified by the county budget commission. This section also provides that no appropriation measure shall become effective until the Village obtains the County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

At December 31, 2011, the Electric Fund – Enterprise Fund (\$248,158) had appropriations exceeding total estimated resources.

We recommend that the Village monitor appropriations in comparison to total estimated resources.

Management's Response: See response to finding 2011-VSRC-01.

VILLAGE OF SHILOH  
RICHLAND COUNTY

SCHEDULE OF FINDINGS (continued)  
December 31, 2011 and 2010

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)

**FINDING NUMBER 2011-VSRC-04 Non-Compliance Citation and Material Weakness**

Ohio Revised Code Section 5727.81 states for the purpose of raising revenue for public education and state and local government operations, an excise tax is hereby levied and imposed on an electric distribution company for all electricity distributed by such company at the following rates per kilowatt hour of electricity distributed in a thirty-day period by the company through a meter of an end user in this state:

Kilowatt hours distributed rate per year:

For the first 2,000 \$.00465

For the next 2,001 to 15,000 \$.00419

For 15,001 and above \$.00363

The electric distribution company shall base the monthly tax on the kilowatt hours of electricity distributed to an end user through the meter of the end user that is not measured for a thirty-day period by dividing the days in the measurement period into the total kilowatt hours measured during the measurement period to obtain a daily average usage.

The Village's computer system failed to properly calculate the kilowatt tax for some customers in both years. The Village realized the error, but decided not to retroactively charge customers for the uncollected kilowatt taxes.

We recommend that the Village monitor the kilowatt taxes charged monthly.

Management's Response: The utility clerk will prepare a check list which includes a manual calculation of the kwh tax, and the new billing chart and actual bill will be compared for accuracy.

**FINDING NUMBER 2011-VSRC-05 Non-Compliance Citation**

Ohio Rev. Code Section 5705.41 (D) (1) prohibits a subdivision or taxing entity from making a contract or ordering any expenditure of money unless a certificate signed by a fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D)(1) and 5705.41 (D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now Certificates" – If the fiscal officer can certify that both at the time that contract or order was made ("then") and at the time that the fiscal officer was completing the certification ("now"), that sufficient funds were available or in the process of collection, to credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

VILLAGE OF SHILOH  
RICHLAND COUNTY

SCHEDULE OF FINDINGS (continued)  
December 31, 2011 and 2010

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)

FINDING NUMBER 2011-VSRC-05 Non-Compliance Citation (continued)

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificates - Fiscal officers may prepare “blanket” certificates for a certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of members of the legislative authority against any specific line item amount over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificates – The Village may also make expenditures and contracts for any amount for a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most profession services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Village did not make the proper certification of funds in all instances. In 54 of 60 selections tested during the audit period, the Village either certified the purchase after receiving the invoice or used a “then and now” certificate. Also, the “then and now” certificates over \$3,000 were not approved by the Village Council. We recommend that the Village institute the use of purchase orders for any expenditure to be made and certify expenditures prior to incurring the liability. In instances where prior certification is not practical, we recommend the issuance of a “Then and Now” certificate. Also, we recommend that Council approve all “then and now certificates.”

Management Response: Management will require departments to notify them before they purchase goods or services so the proper certifications can be made.

FINDING NUMBER 2011-VSRC-06 Significant Deficiency

Resolution 2007-20 states that the Village Grounds Assistant was permitted to work 29 per week. Also, Resolution 2009-4 states that the Equipment Operator/Grounds Supervisor was permitted to work 24 hours per week.

Per review of the payroll records, it was noted that both employees frequently worked over the permitted hours per week in non-emergency situations. The payroll records showed that the employees worked approximately 40 hours per week and were paid for 40 hours per week.

We recommend that Council amend the payroll resolutions for the two employees or enforce the existing resolutions specifying the maximum work hours.

Management Response: The Mayor stated that the employees were called in on a necessary basis which led to exceeding the legislative hours.

**VILLAGE OF SHILOH  
 RICHLAND COUNTY, OHIO  
 DECEMBER 31, 2011 AND 2010**

**STATUS OF PRIOR YEARS' CITATIONS AND RECOMMENDATIONS**

<b>FINDING NUMBER</b>	<b>FUNDING SUMMARY</b>	<b>FULLY CORRECTED?</b>	<b>Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
2009-VSRC-01	Contrary to Ohio Rev. Code Section 5705.36 (A)(4), estimated resources are higher than actual receipts	Yes	No Longer Valid
2009-VSRC-02	Contrary to Ohio Rev. Code Section 5705.41 (B), expenditures plus appropriations exceeded estimated resources.	No	Repeated as 2011-VSRC-01
2009-VSRC-03	AMP-Ohio Loan improperly recorded	Yes	No Longer Valid
2009-VSRC-04	Contrary to Ohio Rev. Code Section 5705.14-16, transfers were not approved by Council	Yes	No Longer Valid
2009-VSRC-05	Contrary to Ohio Rev. Code Section 5705.39, appropriations exceeded estimated resources.	No	Repeated as 2011-VSRC-03
2009-VSRC-06	The Village Grounds Assistant and the Equipment Operator/Grounds Supervisor worked more hours than allowed by Council	No	Repeated as 2011-VSRC-06



# Dave Yost • Auditor of State

VILLAGE OF SHILOH

RICHLAND COUNTY

## CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JULY 12, 2012